



## **Interim Financial Results for the Three Months Ended 31 March 2019**

This commentary relates to the interim non audited financial statements for the three months ended 31 March 2019 presented in accordance with Sri Lanka Accounting Standard 34 (LKAS 34) on “Interim Financial Statements”. The DFCC Group is a diversified financial organisation involved in commercial banking, development banking, investment banking, wealth management, information technology, industrial park management and consultancy businesses.

### **Profitability**

Core business of DFCC Bank posted a profit before tax of LKR 1,585 million and profit after tax of LKR 1,124 million for the quarter ended 31 March 2019 compared to profit before tax of LKR 1,243 million and profit after tax of LKR 1,034 million in the comparative period. After accounting for the one-off fair value loss on Commercial Bank of Ceylon PLC shares transferred to the trading portfolio, the Bank reported a profit before tax of LKR 1,001 million and profit after tax of LKR 541 million in comparison to profit before tax of LKR 1,277 million and a profit after tax of LKR 1,068 million in the comparative period.

### **Operating Income**

The Bank recorded total operating income from core business amounting to LKR 3,981 million for the quarter ended 31 March 2019 compared to LKR 3,713 in the comparative period in 2018 which is an increase of 7%. After accounting for the impact of high fair value loss in the investment of Commercial Bank of Ceylon PLC, the operating income reflects a decline of 14%. The interest margin has remained at 3.5% as reported for the year ended 31 December 2018. Further, a growth of 8% was recorded in fees and commission income to LKR 467million in Q1 2019 from LKR 434 million in Q1 2018. This is the outcome of a focus on non-funded business.

### **Operating Expenses**

DFCC Bank sustained its aggressive branch expansion, launching 7 new branches which include the Bank’s first Super Grade Branch, at Lake House premises in the period April 2018 to March 2019. Operating expenses increased from LKR 1,579 million to LKR 1,750 million (11%) compared to the corresponding period in the previous year. The Bank’s Super Grade Branch at Lake House premises has taken customer convenience a step further by offering a totally new experience with DFCC MySpace, a Self-Banking area where customers can conduct all their transactions with ease and convenience in a fast and secure manner 24/7, 365 days of the year. The opening of this branch has helped to attract many new customers.

### **Impairment**

Impairment provision during the year decreased to LKR 11 million for Q1 2019 from LKR 542 million in the comparable period. The Bank has identified Small and Medium Enterprises (SMEs) as a separate segment in adopting the Circular No 6 of 2019 issued by Central Bank of Sri Lanka in the financial statements for the period ended 31 March 2019.

DFCC’s NPL ratio moved up to 3.91% as at 31 March 2019 from 3.28% in December 2018. This reflected an industry-wide trend, which was consequent to the challenging business environment that prevailed during the period. The ratio has however been managed at a level below the industry average of 4.2% as at March 2019.

## **Other Comprehensive Income**

Investments in equity securities and treasury bills and bonds are classified as financial assets whose variations in fair value are recorded through Other Comprehensive Income. Accordingly, fair value losses of LKR 1,407 million and net fair value gain of LKR 603 million were recorded on account of equity securities and fixed income securities respectively. The steep drop of 13.7% in the share price of Commercial Bank of Ceylon PLC during the quarter mainly contributed to the reported loss of equity securities, while prices of treasury bills and bonds were favourably impacted by decline in interest rates of government securities.

## **Statement of Financial Position**

### **Assets**

Reflecting its measured growth strategy, DFCC's Total Assets grew by LKR 15,652 million to LKR 390,560 million on 31 March 2019, which is a 4% growth on 31 December 2018. Within this, the Bank's loan portfolio grew by LKR 12,788 million to LKR 262,521 million compared to LKR 249,734 million as at 31 December 2018, which is a growth of 5%. The Bank lent prudently and did not pursue aggressive growth particularly to sectors that exhibited stress.

### **Liabilities**

DFCC's deposit base experienced a growth of 3% recording an increase of LKR 6,321 million to LKR 248,559 million from LKR 242,238 million as at 31 December 2018. This is not only a reflection of customers' confidence in the Bank, but also the outcome of the investment in developing distribution channels and marketing innovative new products.

With this deposit growth, the Bank was able to report an improved loan to deposit ratio of 106% in March 2019 from 103% in December 2018. The Bank's CASA ratio, which represents the proportion of low cost deposits in the total deposits of the Bank, was 24.4% as at 31 March 2019. Funding costs for DFCC were also contained due to access to medium to long term concessionary credit lines. When these concessionary term borrowings are added to deposits, the ratio improved to 30.9% as at 31 March 2019.

The Debenture Issue was successfully concluded in March 2019 with the issue being oversubscribed on the opening day and the Bank being able to raise a total of Rs 10 billion from the issue.

### **Capital Management**

DFCC Bank has always been a prudent lender. Therefore, in order to support future growth and to maintain its premier development banking focus, the Bank has consistently maintained a capital ratio above the Basel III minimum capital requirements. As at 31 March 2019, the Group's Tier 1 capital adequacy ratio stood at 10.51% while the total capital adequacy ratio was 15.62%. On a solo basis, as at 31 March 2019, DFCC recorded Tier 1 and total capital adequacy ratios of 10.34% and 15.45% respectively. These ratios are well above the minimum regulatory requirements of 8.5% and 12.5% effective 2019.

## **Rights Issue**

The shareholder approval was received to issue new ordinary shares by way of a Rights Issue at a consideration of LKR 72/- per each ordinary share at the Extra Ordinary General Meeting held on 28 March 2019. The ordinary shares under the proposed Rights Issue was to be issued in the proportion of two (2) Ordinary Shares for every five (5) shares held by the holders of the issued ordinary shares of the Bank. Upon the completion of the Right Issue, 39,091,068 new shares were allotted to the subscribers to the issue which will greatly contribute to the increase in DFCC's Tier 1 capital.

**Lakshman Silva**  
**Director/Chief Executive Officer**  
**14 May 2019**

**DFCC Bank PLC**  
**Income Statement**

For the three months ended 31 March		Notes	Bank			Group		
			2019 LKR 000	2018 LKR 000 ( Restated)	Change %	2019 LKR 000	2018 LKR 000 ( Restated)	Change %
<b>Income</b>			<b>10,184,834</b>	9,533,671	7	<b>10,299,655</b>	9,600,749	7
Interest income			<b>10,208,040</b>	8,736,403	17	<b>10,208,623</b>	8,739,402	17
Interest expense			<b>6,946,533</b>	5,780,948	20	<b>6,936,563</b>	5,769,881	20
<b>Net interest income</b>			<b>3,261,507</b>	2,955,455	10	<b>3,272,060</b>	2,969,521	10
Fee and commission income			<b>467,277</b>	434,385	8	<b>467,203</b>	434,385	8
Fee and commission expenses			-	-	-	-	-	-
<b>Net fee and commission income</b>			<b>467,277</b>	434,385	8	<b>467,203</b>	434,385	8
Net (loss) / gain from trading		5	<b>(413,667)</b>	292,924	(241)	<b>(413,667)</b>	292,924	(241)
Net fair value ( losses) / gains from financial instruments at fair value through profit or loss		6	<b>(2,282,532)</b>	6,204	36,889	<b>(2,282,532)</b>	6,204	36,889
Net gains from derecognition of financial assets								
Fair value through profit or loss			-	2,628	100	-	2,628	100
Fair value through other comprehensive income			<b>61,618</b>	2,771	(2,124)	<b>61,618</b>	2,771	(2,124)
Net other operating income		7	<b>2,144,098</b>	58,356	(3,574)	<b>2,258,410</b>	122,435	1,745
<b>Total operating income</b>			<b>3,238,301</b>	3,752,723	(14)	<b>3,363,092</b>	3,830,868	(12)
Impairment charge / (reversal) for loans and other losses								
- Loans to and receivables from other customers			<b>23,008</b>	553,304	(96)	<b>23,008</b>	553,304	(96)
- Other financial assets			<b>(28,437)</b>	(16,078)	77	<b>(28,437)</b>	(16,078)	77
- Others			<b>16,870</b>	5,170	226	<b>16,870</b>	5,170	226
<b>Net operating income</b>			<b>3,226,860</b>	3,210,327	1	<b>3,351,651</b>	3,288,471	2
Operating expenses								
Personnel expenses			<b>893,561</b>	855,678	4	<b>937,852</b>	903,698	4
Depreciation and amortisation			<b>188,909</b>	105,855	78	<b>203,238</b>	116,952	74
Other expenses			<b>667,315</b>	617,770	8	<b>677,253</b>	607,362	12
<b>Total operating expenses</b>			<b>1,749,785</b>	1,579,303	11	<b>1,818,343</b>	1,628,012	12
<b>Operating profit before value added tax, nation building tax and debt repayment levy on financial services</b>			<b>1,477,075</b>	1,631,024	(9)	<b>1,533,308</b>	1,660,459	(8)
Value added tax, nation building tax and debt repayment levy on financial services			<b>475,610</b>	353,900	34	<b>475,610</b>	353,900	34
<b>Operating profit after value added tax, nation building tax and debt repayment levy on financial services</b>			<b>1,001,465</b>	1,277,124	(22)	<b>1,057,698</b>	1,306,559	(19)
Share of profits of associate and joint venture			-	-	-	33,817	22,834	48
<b>Profit before tax</b>			<b>1,001,465</b>	1,277,124	(22)	<b>1,091,515</b>	1,329,393	(18)
Income tax expense			<b>460,873</b>	209,056	120	<b>479,443</b>	225,354	113
<b>Profit for the period</b>			<b>540,592</b>	1,068,068	(49)	<b>612,071</b>	1,104,039	(45)
<b>Profit attributable to:</b>								
Equity holders of the Bank			<b>540,592</b>	1,068,068	(49)	<b>590,531</b>	1,082,544	(45)
Non-controlling interests			-	-	-	21,540	21,495	-
<b>Profit for the period</b>			<b>540,592</b>	1,068,068	(49)	<b>612,071</b>	1,104,039	(45)
Basic earnings per ordinary share (LKR)			<b>2.04</b>	4.03	(49)	<b>2.23</b>	4.16	(46)

**Comparison of results - Core Business**

For the three months ended 31 March			Bank			Group		
			2019 LKR 000	2018 LKR 000 ( Restated)	Change %	2019 LKR 000	2018 LKR 000 ( Restated)	Change %
<b>Profit for the period – reported</b>			<b>540,592</b>	1,068,068	(49)	<b>612,071</b>	1,104,039	(45)
Marked-to-market loss / (gain) on equity shares of Commercial Bank of Ceylon PLC, net of taxes			<b>583,174</b>	(34,168)	(1,807)	<b>583,174</b>	(34,168)	(1,807)
<b>Profit for the period from core activities</b>			<b>1,123,766</b>	1,033,900	9	<b>1,195,245</b>	1,069,871	12

**DFCC Bank PLC**  
**Statement of Comprehensive Income**

	Bank			Group		
	2019 LKR 000	2018 LKR 000 ( Restated)	Change %	2019 LKR 000	2018 LKR 000 ( Restated)	Change %
<b>For the three months ended 31 March</b>						
Profit for the period	<b>540,592</b>	1,068,068	(49)	<b>612,071</b>	1,104,039	(45)
<b>Other comprehensive income / (expenses) for the period, net of tax</b>						
<b>Items that will be reclassified to income statement</b>						
Net change in fair value through other comprehensive income financial assets	<b>713,316</b>	(304,904)	334	<b>713,316</b>	(304,904)	334
Net amount transferred to income statement on disposal of fair value through other comprehensive income financial assets	<b>(110,241)</b>	(13,106)	(741)	<b>(110,241)</b>	(13,106)	(741)
Share of other comprehensive expenses of equity accounted joint venture and associate.	-	-	-	<b>(21,175)</b>	(3,911)	(441)
Net gain /( loss) on cash flow hedges						
Effective portion of changes in fair value	<b>(293,903)</b>	-	(100)	<b>(293,903)</b>	-	(100)
Reclassified to profit or loss	<b>225,600</b>	-	100	<b>225,600</b>	-	100
Deferred tax effect relating to fair value through other comprehensive income financial assets	<b>(149,719)</b>	89,043	(268)	<b>(149,719)</b>	89,043	268
<b>Total other comprehensive income / (expenses) that will be reclassified to income statement</b>	<b>385,053</b>	(228,967)	268	<b>363,878</b>	(232,879)	256
<b>Items that will not be reclassified to income statement</b>						
(Losses) /gains on remeasurement of defined benefit plans	-	-	-	-	(119)	(100)
Net (loss) / gain on equity instruments measured at fair value through other comprehensive income.	<b>(1,407,340)</b>	17,787	(8,012)	<b>(1,407,340)</b>	17,787	(8,012)
<b>Total other comprehensive (expenses) / income on items that will not be reclassified to income statement</b>	<b>(1,407,340)</b>	17,787	(8,012)	<b>(1,407,340)</b>	17,668	(8,066)
<b>Other comprehensive expenses for the period, net of tax</b>	<b>(1,022,287)</b>	(211,180)	(384)	<b>(1,043,462)</b>	(215,210)	(385)
<b>Total comprehensive (expenses) / income for the period</b>	<b>(481,695)</b>	856,888	(156)	<b>(431,391)</b>	888,829	(149)
<b>Total comprehensive (expenses) /income attributable to:</b>						
Equity holders of the Bank	<b>(481,695)</b>	856,888	(156)	<b>(452,931)</b>	867,393	(152)
Non-controlling interests	-	-	-	<b>21,540</b>	21,436	-
<b>Total comprehensive (expenses) / income for the period</b>	<b>(481,695)</b>	856,888	(156)	<b>(431,391)</b>	888,829	(149)

**DFCC Bank PLC**  
**Statement of Financial Position**

As at	Notes	Bank			Group		
		31.03.2019 LKR 000	31.12.2018 (Audited) LKR 000	Change %	31.03.2019 LKR 000	31.12.2018 (Audited) LKR 000	Change %
<b>Assets</b>							
Cash and cash equivalents		5,007,008	5,039,629	(1)	5,019,793	5,049,823	(1)
Balances with Central Bank of Sri Lanka		11,465,657	11,841,814	(3)	11,465,657	11,841,814	(3)
Placements with banks		800,499	425,087	88	815,714	439,727	86
Derivative assets held - for - risk - management		1,488,530	3,414,549	(56)	1,488,530	3,414,549	(56)
Financial assets measured at fair value through profit or loss		5,383,307	6,078,862	(11)	5,383,307	6,078,862	(11)
Financial assets at amortised cost - Loans to and receivables from banks		8,108,604	12,854,880	(37)	8,108,604	12,854,880	(37)
Financial assets at amortised cost -Loans to and receivables from other customers	8	262,521,341	249,733,718	5	262,521,341	249,733,718	5
Financial assets at amortised cost - Debt and other instruments.		24,329,544	22,874,088	6	24,329,544	22,874,088	6
Financial assets measured at fair value through other comprehensive income		62,634,818	55,313,553	13	62,634,818	55,313,553	13
Investments in subsidiaries		167,036	167,036	-	-	-	-
Investments in associate		35,270	35,270	-	30,175	31,107	(3)
Investments in joint venture		755,000	755,000	-	1,971,030	1,957,455	1
Due from subsidiaries		7,709	9,505	(19)	-	-	-
Investment properties		9,879	9,879	-	486,628	496,559	(2)
Property, plant and equipment		3,187,180	1,620,375	97	3,280,605	1,718,904	91
Intangible assets		628,680	668,834	(6)	645,097	686,288	(6)
Goodwill on consolidation		-	-	-	156,226	156,226	-
Deferred tax asset		363,029	491,523	-	364,110	492,678	(26)
Other assets		3,666,494	3,574,276	3	3,787,936	3,621,780	5
<b>Total assets</b>		<b>390,559,584</b>	<b>374,907,878</b>	<b>4</b>	<b>392,489,115</b>	<b>376,762,011</b>	<b>4</b>
<b>Liabilities</b>							
Due to banks		11,934,602	9,446,464	26	11,934,602	9,446,464	26
Derivative liabilities held- for- risk -management		738,927	121,373	509	738,927	121,373	509
Financial liabilities at amortised cost - Due to depositors	9	248,558,601	242,237,596	3	248,202,280	241,914,870	3
Financial liabilities at amortised cost - Due to other borrowers		49,041,951	47,413,727	3	49,041,951	47,388,679	3
Debt securities issued		13,185,618	8,898,441	48	13,185,618	8,898,441	48
Retirement benefit obligation		419,738	408,704	3	444,349	433,315	3
Current tax liability		1,308,774	1,221,117	7	1,351,216	1,294,540	4
Deferred tax liability		-	-	-	89,032	90,402	(2)
Other liabilities		6,257,820	4,458,721	40	6,527,513	4,662,423	40
Subordinated term debt		16,671,821	16,855,352	(1)	16,671,821	16,855,352	(1)
<b>Total liabilities</b>		<b>348,117,852</b>	<b>331,061,495</b>	<b>5</b>	<b>348,187,309</b>	<b>331,105,859</b>	<b>5</b>
<b>Equity</b>							
Stated capital		4,715,814	4,715,814	-	4,715,814	4,715,814	-
Statutory reserves		2,358,275	2,358,275	-	2,358,275	2,358,275	-
Retained earnings		16,804,899	17,187,262	(2)	19,774,726	20,107,150	(2)
Other reserves		18,562,744	19,585,032	(5)	17,173,227	18,216,689	(6)
<b>Total equity attributable to equity holders of the Bank</b>		<b>42,441,732</b>	<b>43,846,383</b>	<b>(3)</b>	<b>44,022,042</b>	<b>45,397,928</b>	<b>(3)</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>279,764</b>	<b>258,224</b>	<b>8</b>
<b>Total equity</b>		<b>42,441,732</b>	<b>43,846,383</b>	<b>(3)</b>	<b>44,301,806</b>	<b>45,656,152</b>	<b>(3)</b>
<b>Total equity and liabilities</b>		<b>390,559,584</b>	<b>374,907,878</b>	<b>4</b>	<b>392,489,115</b>	<b>376,762,011</b>	<b>4</b>
<b>Contingent liabilities and commitments</b>							
		<b>133,486,923</b>	<b>137,143,668</b>	<b>-</b>	<b>133,486,923</b>	<b>137,143,668</b>	<b>-</b>
<b>Net assets value per share, LKR</b>							
		<b>160.10</b>	<b>165.40</b>	<b>(3)</b>	<b>166.06</b>	<b>171.25</b>	<b>(3)</b>

The highest, the lowest and the last traded market price recorded during the quarter ended

	31.03.2019	31.12.2018
- Highest price LKR	94.70	100.50
- Lowest price LKR	69.50	87.00
- Last traded price LKR	70.00	93.00

Memorandum Information	Bank		Group	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Number of Employees	1,898	1,860	1,999	1,963
Number of Branches	111	110		
Extension offices and postal units	28	28		

## Statement of Changes in Equity

	Stated Capital LKR 000	Statutory reserves		Other reserves		Retained earnings LKR 000	Total equity LKR 000
		Reserve fund LKR 000	Fair value reserve LKR 000	Hedging reserve LKR 000	General reserves LKR 000		
<b>Bank</b>							
<b>Balance as at 01.01.2018</b>	4,715,814	2,224,275	13,298,686	-	13,779,839	13,858,152	47,876,766
Adjustment on initial application of SLFRS 9, net of tax			(4,551,014)			2,017,938	(2,533,076)
<b>Restated balance as at 01.01.2018</b>	4,715,814	2,224,275	8,747,672	-	13,779,839	15,876,090	45,343,690
Profit for the period	-	-	-	-	-	1,068,068	1,068,068
Other comprehensive expenses net of tax	-	-	(211,180)	-	-	-	(211,180)
<b>Total comprehensive (expenses)/income for the period</b>	-	-	<b>(211,180)</b>	-	-	<b>1,068,068</b>	<b>856,888</b>
Transfer of gains / (losses) on disposal / write off of equity investments at fair value through othe comprehensive income to retained earnings	-	-	(62,673)			10,478	(52,195)
<b>Transactions with equity holders, recognised directly in equity</b>							
Final dividend approved on 20.02.2018	-	-	-	-	-	(1,325,489)	(1,325,489)
<b>Total contributions from and distribution to equity holders</b>	-	-	-	-	-	(1,325,489)	(1,325,489)
<b>Balance as at 31.03.2018</b>	<b>4,715,814</b>	<b>2,224,275</b>	<b>8,473,819</b>	-	<b>13,779,839</b>	<b>15,629,147</b>	<b>44,822,894</b>
<b>Balance as at 01.01.2019</b>	<b>4,715,814</b>	<b>2,358,275</b>	<b>5,745,024</b>	<b>60,168</b>	<b>13,779,839</b>	<b>17,187,262</b>	<b>43,846,382</b>
Profit for the period	-	-	-	-	-	540,592	540,592
Other comprehensive expenses net of tax	-	-	(973,109)	(49,178)	-	-	(1,022,287)
<b>Total comprehensive ( expenses) / income for the period</b>	-	-	<b>(973,109)</b>	<b>(49,178)</b>		<b>540,592</b>	<b>(481,695)</b>
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings						4,886	4,886
<b>Transactions with equity holders, recognised directly in equity</b>							
Final dividend approved on 18.02.2019	-	-	-	-	-	(927,841)	(927,841)
<b>Total contributions from and distribution to equity holders</b>	-	-	-	-	-	(927,841)	(927,841)
<b>Balance as at 31.03.2019</b>	<b>4,715,814</b>	<b>2,358,275</b>	<b>4,771,915</b>	<b>10,990</b>	<b>13,779,839</b>	<b>16,804,899</b>	<b>42,441,732</b>

## Statement of Changes in Equity

Group	Attributable to the equity holders of the Bank									
	Stated Capital	Statutory reserves	Other reserves				Retained earnings	Total	Non- controlling interests	Total
		Reserve fund	Fair value reserve	Exchange equalisation reserve	Hedging reserve	General reserve				
		LKR 000	LKR 000	LKR 000	LKR 000	LKR 000				
<b>Balance as at 01.01.2018</b>	4,715,814	2,224,275	11,032,483	13,061	-	13,779,839	17,359,513	49,124,985	276,872	49,401,857
Adjustment on initial application of SLFRS 9 net of tax			(3,707,124)				1,189,617	(2,517,507)	-	(2,517,507)
<b>Restated balance at 01.01.2018</b>	4,715,814	2,224,275	7,325,359	13,061	-	13,779,839	18,549,130	46,607,478	276,872	46,884,350
Profit for the period			-	-	-	-	1,082,544	1,082,544	21,495	1,104,039
Other comprehensive (expenses) / income net of tax			(217,090)	1,999	-	-	(60)	(215,151)	(59)	(215,210)
<b>Total comprehensive (expenses) / income for the period</b>			(217,090)	1,999	-	-	1,082,484	867,393	21,436	888,829
<b>Transactions with equity holders, recognised directly in equity</b>										
Change in holding through joint venture							760	760	-	760
Final dividend approved on 20.02.2018							(1,325,489)	(1,325,489)	-	(1,325,489)
<b>Total contributions from and distribution to equity holders</b>							(1,324,729)	(1,324,729)	-	(1,325,489)
<b>Balance as at 31.03.2018</b>	4,715,814	2,224,275	7,108,269	15,060	-	13,779,839	18,306,885	46,150,142	298,308	46,447,690
<b>Balance at 01.01.2019</b>	<b>4,715,814</b>	<b>2,358,275</b>	<b>4,293,847</b>	<b>82,835</b>	<b>60,168</b>	<b>13,779,839</b>	<b>20,107,150</b>	<b>45,397,928</b>	<b>258,224</b>	<b>45,656,152</b>
Profit for the period							590,531	590,531	21,540	612,071
Other comprehensive (expenses) / income net of tax			(975,325)	(18,959)	(49,178)		-	(1,043,462)	-	(1,043,462)
<b>Total comprehensive (expenses) / income for the period</b>			<b>(975,325)</b>	<b>(18,959)</b>	<b>(49,178)</b>		<b>590,531</b>	<b>(452,931)</b>	<b>21,540</b>	<b>(431,389)</b>
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings							4,886	4,886		4,886
<b>Transactions with equity holders, recognised directly in equity</b>										
Final dividend approved on 18.02.2019	-	-	-	-	-	-	(927,841)	(927,841)	-	(927,841)
<b>Total contributions from and distribution to equity holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(927,841)</b>	<b>(927,841)</b>	<b>-</b>	<b>(927,841)</b>
<b>Balance as at 31.03.2019</b>	<b>4,715,814</b>	<b>2,358,275</b>	<b>3,318,522</b>	<b>63,876</b>	<b>10,990</b>	<b>13,779,839</b>	<b>19,774,726</b>	<b>44,022,042</b>	<b>279,764</b>	<b>44,301,806</b>



## Statement of Cash Flows

	Bank		Group	
	2019 LKR 000	2018 LKR 000	2019 LKR 000	2018 LKR 000
<b>For the three months ended 31 March</b>				
<b>Cash flows from operating activities</b>				
Interest receipts	7,698,765	6,773,433	7,697,734	6,773,778
Interest payments	(8,742,658)	(5,458,029)	(8,733,727)	(5,398,530)
Net commission receipts	391,285	351,051	391,285	351,051
Net Trading Income	1,776	(18,636)	1,776	(18,636)
Recoveries from loans previously written off	363	2,892	363	2,892
Receipts from other operating activities	555,730	236,615	688,010	373,657
Payments on other operating activities	(781,020)	(591,713)	(864,781)	(635,868)
Cash payments to employees	(974,076)	(895,599)	(1,011,141)	(895,599)
Value added tax, nation building tax and debt repayment levy on financial services	(248,189)	(371,462)	(127,363)	(327,307)
Operating cash flows before changes in operating assets and liabilities	(2,098,024)	28,552	(1,957,844)	225,438
<b>(Increase)/ decrease in operating assets:</b>				
Balances with Central Bank / Deposits held for regulatory or monetary control purposes	376,154	93,493	376,154	93,493
Financial Assets at amortised cost - Loans to and receivables from other customers	(12,349,528)	(15,271,187)	(12,349,528)	(15,271,187)
Others	50,533	62,162	37,919	73,048
<b>Increase /(decrease) in operating liabilities:</b>				
Financial liabilities at amortised cost -Due to depositors	7,898,043	7,239,399	7,852,027	7,185,749
Negotiable certificates of deposits	(132,182)	32,155	(132,182)	32,155
Others	1,423,499	57,450	1,365,102	11,898
<b>Net cash flows used in operating activities before income tax</b>	<b>(4,831,505)</b>	<b>(7,757,976)</b>	<b>(4,808,352)</b>	<b>(7,649,406)</b>
Income tax paid	(390,244)	(290,233)	(438,910)	(295,590)
<b>Net cash flows used in operating activities</b>	<b>(5,221,749)</b>	<b>(8,048,209)</b>	<b>(5,247,262)</b>	<b>(7,944,996)</b>
<b>Cash flows from investing activities</b>				
Dividends received from investemnt in subsidiaries , joint venture and associate	345,240	384,138	345,240	384,138
Interest received	2,030,004	1,679,296	2,034,375	1,689,944
Government Securities- net	(4,561,243)	(6,013,522)	(4,561,243)	(6,013,522)
Proceeds from sale and redemption of securities	61,866	381,979	86,845	368,034
Purchase of financial investments	(21,930)	-	(21,930)	-
Purchase of property , equipment ,intangibles and investment property	(31,899)	(215,334)	(32,570)	(331,219)
Proceeds from sale of equipment and investment property	45	-	45	-
<b>Net cash flows used in investing activities</b>	<b>(2,177,917)</b>	<b>(3,783,443)</b>	<b>(2,149,238)</b>	<b>(3,902,625)</b>
<b>Cash flows from financing activities</b>				
Issue of debentures	10,000,000	7,000,000	10,000,000	7,000,000
Redemption of debentures	(5,315,450)	-	(5,315,450)	-
Borrowing , medium and long - term	511,355	5,424,348	511,355	5,424,348
Other borrowings - net	4,293,570	(1,624,568)	4,293,570	(1,624,568)
Repayment of borrowings, medium and long term	(832,696)	(509,054)	(832,696)	(509,054)
Dividends paid	(914,322)	(1,271,566)	(914,322)	(1,271,565)
<b>Net Cash flows from financing activities</b>	<b>7,742,457</b>	<b>9,019,160</b>	<b>7,742,457</b>	<b>9,019,161</b>
Net increase / ( decrease )in cash and cash equivalents	342,791	(2,812,492)	345,957	(2,828,460)
Cash and cash equivalents at the beginning of the period	5,464,716	10,797,606	5,489,550	10,832,361
<b>Cash and cash equivalents at the end of period</b>	<b>5,807,507</b>	<b>7,985,114</b>	<b>5,835,507</b>	<b>8,003,901</b>
<b>Reconciliation of cash and cash equivalents with items reported in the statement of financial position</b>				
Cash and cash equivalents	5,007,008	4,199,575	5,019,793	4,203,533
Placements with banks	800,499	3,785,539	815,714	3,800,368
	<b>5,807,507</b>	<b>7,985,114</b>	<b>5,835,507</b>	<b>8,003,901</b>

The Statement of Cash Flow of the bank includes the results of associate, joint venture and subsidiary companies only to the extent of the cash flows between Bank and respective companies as required by Sri Lanka Accounting Standards

## EXPLANATORY NOTES

### Note 1. Statement of Compliance

The consolidated financial statements of the Group and the separate financial statements of the Bank have been presented in accordance with the Sri Lanka Accounting Standards 34 (LKAS 34) "Interim Financial Statements" issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act, No. 07 of 2007 and the Banking Act No. 30 of 1988 and amendments thereto.

### Note 2. Accounting Policies and Accounting Estimates

There are no changes to the accounting policies and method of computation since the publication of the last annual financial statements except for;

1. SLFRS 16 - "Leases" effective from 1st January 2019 requires recognizing lease liabilities and right-of-use assets for some leases classified as operating leases under LKAS 17 "Leases".

2. Circular No 6 of 2019 on the adoption of Sri Lanka Accounting Standard - SLFRS 9 "Financial Instruments" issued by the Bank Supervision Department of Central Bank of Sri Lanka.

### Note 3 Comparative Figures

Comparative figures have been re-stated/re-classified where necessary, to conform to the current period presentation.

The following line items of the Interim Financial Statements for the quarter ended 31.03.2018 were restated due to the adoption of SLFRS 9 and the circular No. 02 of 2019 issued by the Bank Supervision Department of the Central Bank of Sri Lanka.

	<b>Restated</b>	As previously
	<b>LKR 000</b>	Reported
		LKR 000
Income	<b>9,533,671</b>	9,873,732
Interest income	<b>8,736,403</b>	9,123,361
Net (loss) / gain from trading	<b>292,924</b>	43,285
Net fair value ( losses) / gains from financial instruments at fair value through profit or loss	<b>6,204</b>	(11,193)
Net gain from financial investments	-	713,222
Net gains from derecognition of financial assets		
Fair value through profit or loss	<b>2,628</b>	-
Fair value through other comprehensive income	<b>2,771</b>	-
Net other operating income	<b>58,356</b>	(429,328)
Impairment charge / (reversal) for loans and other losses	<b>542,396</b>	630,248
Other expenses	<b>617,770</b>	617,809
Value added tax, nation building tax and debt repayment levy on financial services	<b>353,900</b>	390,028
Profit before tax	<b>1,277,124</b>	1,493,166
Income tax expense	<b>209,056</b>	419,538
Profit for the period	<b>1,068,068</b>	1,073,628
Other comprehensive expenses for the period, net of tax	<b>(211,180)</b>	(145,033)

\* Group Financial Statements also have been restated accordingly.

### Note 4. Group Financial Statements

The Group Financial Statements comprise the Bank and its subsidiaries DFCC Consulting ( Pvt) Limited, Lanka Industrial Estates Limited and Synapsys Limited and group interest in associate company National Asset Management Limited and group interest in joint venture Acuity Partners ( Pvt) Ltd. Investments in Subsidiaries, joint venture and associate companies are accounted under cost method in Bank's financial statements. Investment in associate and joint venture are accounted under equity method in group's financial statements.

#### Note 4.1 31 March Financial Year Company

This is Lanka Industrial Estates Ltd.

**Note 5. Net ( loss ) / gain from trading**

For the three months ended 31 st March	Bank		Group	
	2019 LKR 000	2018 LKR 000 ( Restated)	2019 LKR 000	2018 LKR 000 ( Restated)
Foreign exchange from banks	125,186	63,772	125,186	63,772
Government securities				
- Net marked to market loss	-	(37,313)	-	(37,313)
- Net capital gain	1,776	16,158	1,776	16,158
Equity securities				
Net marked to market (loss)/gain	(743,180)	40,645	(743,180)	40,645
Net capital gain	-	-	-	-
Dividend income	202,551	209,662	202,551	209,663
	<b>(413,667)</b>	292,924	<b>(413,667)</b>	292,924

**Note 6. Net fair value (losses) / gains from financial instruments at fair value through profit or loss**

For the three months ended 31 st March	Bank		Group	
	2019 LKR 000	2018 LKR 000 ( Restated)	2019 LKR 000	2018 LKR 000 ( Restated)
Forward exchange fair value changes				
Contracts with commercial banks	(2,246,982)	70,792	(2,246,982)	70,792
Contracts with CBSL	-	(78,165)	-	(78,165)
Interest rate swap fair value changes	(2,396)	(3,820)	(2,396)	(3,820)
(Loss) / gain on financial assets fair value through profit or loss - equity securities	(33,154)	17,397	(33,154)	17,397
	<b>(2,282,532)</b>	6,204	<b>(2,282,532)</b>	6,204

**Note 7. Net Other Operating Income**

For the three months ended 31 st March	Bank		Group	
	2019 LKR 000	2018 LKR 000 ( Restated)	2019 LKR 000	2018 LKR 000 ( Restated)
Financial assets measured at fair value through other comprehensive income				
Dividend income	-	384,776	-	384,776
Equities measured at fair value through Profit or Loss				
Dividend income	379,461	1,162	379,461	1,162
Dividend income from subsidiaries, joint venture and associate	-	27,036	-	
Net gain from repurchase transactions	73,117	74,708	73,117	74,708
Foreign exchange gain / ( loss)	1,674,121	(679,538)	1,674,121	(679,538)
Amortization of deferred Income Government Grant - CBSL SWAP	-	235,664	-	235,664
Others	17,399	14,548	131,711	105,663
	<b>2,144,098</b>	58,356	<b>2,258,410</b>	122,435

## Note 8 Financial Assets at Amortized Cost Loans to and Receivables from Other Customers

As at	Bank		Group	
	31.03.2019 LKR 000	31.12.2018 LKR 000	31.03.2019 LKR 000	31.12.2018 LKR 000
Gross loans and receivables (Note 8.1)	273,476,873	261,299,294	273,476,873	261,299,294
Less: Allowance for impairment (Note 8.2.)	(10,955,532)	(11,565,576)	(10,955,532)	(11,565,576)
<b>Net loans and receivables</b>	<b>262,521,341</b>	<b>249,733,718</b>	<b>262,521,341</b>	<b>249,733,718</b>

### Note 8.1 Loans to and Receivables from Other Customers - By product

As at	Bank		Group	
	31.03.2019 LKR 000	31.12.2018 LKR 000	31.03.2019 LKR 000	31.12.2018 LKR 000
<b>By product-Domestic Currency</b>				
Overdrafts	48,240,740	40,503,314	48,240,740	40,503,314
Trade finance	27,367,253	28,411,748	27,367,253	28,411,748
Credit cards	582,257	504,613	582,257	504,613
Pawning	3,211,426	3,194,318	3,211,426	3,194,318
Staff loans	2,009,555	1,966,944	2,009,555	1,966,944
Term loans	140,799,045	133,524,069	140,799,045	133,524,069
Lease rentals receivable	18,908,374	18,312,071	18,908,374	18,312,071
Commercial papers and asset back notes	1,520,813	1,329,352	1,520,813	1,329,352
Preference shares	75,000	112,500	75,000	112,500
	<b>242,714,463</b>	<b>227,858,928</b>	<b>242,714,463</b>	<b>227,858,928</b>
<b>By product-Foreign Currency</b>				
Overdrafts	216,948	282,662	216,948	282,662
Trade finance	9,803,588	11,530,783	9,803,588	11,530,783
Term loans	20,741,874	21,626,921	20,741,874	21,626,921
	<b>30,762,410</b>	<b>33,440,366</b>	<b>30,762,410</b>	<b>33,440,366</b>
<b>Gross loans and receivables</b>	<b>273,476,873</b>	<b>261,299,294</b>	<b>273,476,873</b>	<b>261,299,294</b>

### Note 8.2. Movement in Impairment during the period

	Bank		Group	
	31.03.2019 LKR 000	31.12.2018 LKR 000	31.03.2019 LKR 000	31.12.2018 LKR 000
<b>Stage 1</b>				
Balance at beginning	786,161	805,471	786,161	805,471
Charge / (write back) to income statement	188,639	(12,651)	188,639	(12,651)
Write-off during the period	(554)	(6,659)	(554)	(6,659)
Balance at end	<b>974,246</b>	<b>786,160</b>	<b>974,246</b>	<b>786,160</b>
<b>Stage 2</b>				
Balance at beginning	2,355,958	2,347,630	2,355,958	2,347,630
(Write back ) / charge to income statement	(830,837)	10,491	(830,837)	10,491
Write-off during the period	(1,582)	(2,161)	(1,582)	(2,161)
Balance at end	<b>1,523,539</b>	<b>2,355,960</b>	<b>1,523,539</b>	<b>2,355,960</b>
<b>Stage 3</b>				
Balance at beginning	8,423,456	7,966,994	8,423,456	7,966,994
Charge to income statement	665,205	988,089	665,205	988,089
Effect of foreign currency movement	(25,038)	166,694	(25,038)	166,694
Write-off during the period	(605,598)	(696,652)	(605,598)	(696,652)
Other movements	(278)	(1,669)	(278)	(1,669)
Balance at end	<b>8,457,747</b>	<b>8,423,456</b>	<b>8,457,747</b>	<b>8,423,456</b>
<b>Total Impairment</b>	<b>10,955,532</b>	<b>11,565,576</b>	<b>10,955,532</b>	<b>11,565,576</b>

**Note 9. Financial liabilities at amortized cost - Due to depositors**

As at	Bank		Group	
	31.03.2019 LKR 000	31.12.2018 LKR 000	31.03.2019 LKR 000	31.12.2018 LKR 000
<b>By product-Domestic Currency</b>				
Demand deposits (current accounts)	3,602,727	4,002,920	3,602,673	4,002,630
Savings deposits	23,875,587	21,605,527	23,857,505	21,593,927
Fixed deposits	165,134,458	152,022,880	164,812,579	151,722,204
Other deposits	1,712,189	2,523,726	1,712,189	2,523,726
Certificate of deposits	410,022	553,593	410,022	553,593
	<b>194,734,983</b>	180,708,646	<b>194,394,968</b>	180,396,080
<b>By product- Foreign Currency</b>				
Demand deposits (current accounts)	209,681	337,898	209,681	337,898
Savings deposits	31,183,899	24,234,949	31,171,602	24,232,892
Fixed deposits	22,388,464	36,915,668	22,384,455	36,907,565
Other deposits	41,574	40,435	41,574	40,435
	<b>53,823,618</b>	61,528,950	<b>53,807,312</b>	61,518,790
<b>Total</b>	<b>248,558,601</b>	242,237,596	<b>248,202,280</b>	241,914,870

**Note 10. Events after the reporting period****Rights Issue**

The shareholder approval was received to issue new ordinary shares by way of a Rights Issue at a consideration of Rs72/- per each ordinary share at the Extra Ordinary General Meeting held on 28 March 2019. Upon the completion of the Right Issue, 39,091,068 new shares were allotted to the subscribers to the issue.

No other circumstances have arisen which would require disclosure or adjustment to the Financial Statements.

**Note 11. Disclosures under Appendix 7B of the Listing Rules**

**11.1** During the period, there were no material changes in the composition of assets, liabilities and contingent liabilities and use of fund raised through debentures. All known expenditure items have been provided for.

There is no management fees or similar expenditure provided for in the interim financial statements

**11.2 Stated capital****Number of shares**

Number of shares of the Bank on 31 March 2019  
(No change from 31 December 2018).

**265,097,688**

### 11.3 Twenty Major Shareholders as at 31.03.2019

	Name of Shareholder/Company	Shareholding	%
1	Bank of Ceylon No.2 A/c.	38,039,994	14.35
2	Hatton National Bank PLC A/c No.1	32,396,140	12.22
3	Sri Lanka Insurance Corporation Ltd-Life Fund	26,509,832	10.00
4	Mr.M.A. Yaseen	26,506,750	10.00
5	Employees' Provident Fund	24,368,995	9.19
6	Melstacorp PLC	22,175,280	8.36
7	Seafeld International Limited	15,286,794	5.77
8	HSBC Intl Nom. Ltd-BPSS Lux-Aberdeen Global Asia Pacific Equity Fund	9,842,898	3.71
9	Renuka City Hotels PLC	6,926,870	2.61
10	HSBC Intl. Nom Ltd-BP2S LDN-Aberdeen Asia Pacific Equity Fund	5,438,669	2.05
11	HSBC Intl Nom Ltd-BP2S London-Edinburgh Dragon Trust PLC	4,528,328	1.71
12	Renuka Hotels Limited	4,073,360	1.54
13	Employees Trust Fund Board	3,987,952	1.50
14	HSBC Intl.Nominees Ltd-BP2S London-Aberdeen Asia Smaller Companies Investment Trust	3,866,936	1.46
15	Akbar Brothers Pvt Ltd A/C No.01	2,578,688	0.97
16	Cargo Boat Development Company PLC	2,498,200	0.94
17	Anverally International (pvt) Limited	1,579,345	0.60
18	Crescent Launderers and Dry Cleaners PVT Limited	1,482,548	0.56
19	HSBC Intl Nominees Ltd-BP2S-London - Aberdeen New Dawn Investment Trust XCC6	1,450,311	0.55
20	Renuka Consultants & Services Ltd	1,097,992	0.41

### 11.4 Public Holdings as at 31. 03. 2019

Public holdings percentage	63.40%
Number of Public shareholders	9,095
Float adjusted market capitalisation	LKR 11,765 million
Applicable option as per CSE Listing Rule 7.13.1 (a)	Option 1

### 11.5 Directors' Interests in Shares

	No of Shares As at 31.03.2019
C R Jansz	1,000
P M B Fernando	1,000
T Dharmarajah	500
K.P Cooray	Nil
S.R Thambiyah (Ms.)	Nil
V J Senaratne (Ms.)	1,296
L H A L Silva	3,476
L.K.A.H. Fernando ( Ms.)	Nil
N.K.G.K. Nemmawatta	Nil
J. Durairatnam	Nil

### Certification

We, the undersigned, being the Chairman, the Chief Executive Officer and the Chief Financial Officer of DFCC Bank PLC certify that:

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.
- (b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group, unless indicated as audited.

**Royle Jansz**  
Chairman

**Lakshman Silva**  
Director & Chief Executive Officer

**Chinthika Amarasekera**  
Chief Financial Officer

14-May-19

*Listed Debentures*

Debenture Category	Interest rate Frequency	Applicable Interest Rate %	Interest rate of Comparative Government Securities (Gross) p.a. %	Balance as at 31.03.2019 LKR 000	Market price LKR			Yield Last Traded %
					Highest	Lowest	Last Traded	
<b>Fixed Rate</b>								
2015/2020	Annually	9.10	10.75	3,142,542	100.00	100.00	100.00	9.04
2015/2020	Annually	9.40	10.75	3,211,209	94.54	94.54	94.54	13.50
2016/2021	Annually	12.15	10.20	998,729	N/T	N/T	N/T	N/A
2016/2023	Annually	12.75	11.20	6,317,847	100.00	100.00	100.00	12.71
2018/2023	Annually	12.60	11.18	3,030,272	100.05	100.05	100.05	12.58
2018/2025	Annually	13.00	11.40	4,173,708	N/T	N/T	N/T	N/A
2019/2023	Annually	13.50	10.90	3,795,971	N/T	N/T	N/T	N/A
2019/2023	Annually	13.75	11.05	1,780,010	N/T	N/T	N/T	N/A
2019/2023	Annually	13.50	11.25	4,401,184	N/T	N/T	N/T	N/A

N/T -Not traded

Other Ratios (Bank)	31.03.2019	31.12.2018
Debt to equity ratio (times)	<b>2.14</b>	1.88
Interest cover (times)	<b>0.83</b>	0.89

**Disclosures regarding the utilization of funds as per the objectives stated in the Debenture Prospectus**

<b>Objective as per Prospectus</b>	<b>Amount allocated as per Prospectus (LKR)</b>	<b>Proposed Date of allocation as per Prospectus</b>	<b>Amount allocated from Proceeds (LKR)(A)</b>	<b>% of Total Proceeds</b>	<b>Amount utilized as at 31.03.2019 (LKR)(B)</b>	<b>% of utilization against allocation (B/A)</b>	<b>Clarification if not fully utilized including where the funds are invested (eg: Whether lent to related party/s etc)</b>
To support the lending activities of the bank.	LKR 10 Billion	Over the period of twelve months from the date of allotment.	LKR 10 Billion	100%	Nil	0%	Debenture issue was completed only on 28 March 2019.



**SELECTED PERFORMANCE INDICATORS**

	<b>Bank</b>		<b>Group</b>	
	<b>31.03.2019</b>	31.12.2018	<b>31.03.2019</b>	31.12.2018
<b>Regulatory Capital ( LKR '000)</b>				
Common Equity Tier I	<b>30,409,110</b>	31,633,211	<b>30,916,944</b>	32,106,706
Tier 1 Capital	<b>30,409,110</b>	31,633,211	<b>30,916,944</b>	32,106,706
Total Capital	<b>45,427,104</b>	47,203,364	<b>45,934,938</b>	47,676,859
<b>Regulatory Capital Ratios %</b>				
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7% )	<b>10.342</b>	N/A	<b>10.510</b>	N/A
(Minimum Requirement -6.375% )	N/A	10.766	N/A	10.888
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	<b>10.342</b>	N/A	<b>10.510</b>	N/A
(Minimum Requirement - 7.875%)	N/A	10.766	N/A	10.888
Total Capital Ratio (Minimum Requirement - 12.5%)	<b>15.449</b>	N/A	<b>15.615</b>	N/A
(Minimum Requirement - 11.875%)	N/A	16.065	N/A	16.168
<b>Leverage Ratio ( Minimum requirement is 3%)</b>	<b>6.80</b>	N/A	<b>6.95</b>	N/A
<b>Regulatory Liquidity</b>				
Statutory liquid assets LKR 000				
Domestic Banking Unit	<b>68,910,496</b>	65,391,771		
Off-Shore Banking Unit	<b>7,879,909</b>	9,267,388		
Statutory liquid assets ratio % (Minimum requirement 20%)				
Domestic Banking Unit	<b>22.66</b>	22.24		
Off-Shore Banking Unit	<b>40.06</b>	44.36		
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 2019 - 100%, 2018 -90%)	<b>216.71</b>	195.71		
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 2019 - 100%, 2018 -90%)	<b>128.72</b>	113.49		
Net Stable Funding Ratio (%) (minimum requirement 90%)	119.35	N/A		
<b>Asset Quality</b>				
Non-performing loans and advances - Gross exposure % (Net of interest in suspense)	<b>3.91</b>	3.28		
Non-performing loans and advances - Net exposure % (Net of interest in suspense and provisions)	<b>1.81</b>	1.20		
<b>Profitability</b>				
Interest margin %	<b>3.5</b>	3.5		
Return on assets ( profit before tax) %	<b>1.2</b>	1.2		
Return on equity %	<b>6.1</b>	6.0		

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
<i>As at 31 March 2019</i>	LKR 000	LKR 000	LKR 000	LKR 000
<b>Analysis of Financial Instruments by Measurement Basis</b>				
<b>Bank</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	-	-	5,007,008	5,007,008
Balances with Central Bank of Sri Lanka	-	-	11,465,657	11,465,657
Placements with banks	-	-	800,499	800,499
Derivative assets held-for-risk management	1,488,530	-	-	1,488,530
Financial assets measured at fair value through profit or loss	5,383,307	-	-	5,383,307
Financial assets at amortised cost - Loans to and receivables from banks	-	-	8,108,604	8,108,604
Financial assets at amortised cost -Loans to and receivables from other customers	-	-	262,521,341	262,521,341
Due from subsidiaries	-	-	7,709	7,709
Financial investments	-	62,634,818	24,329,544	86,964,361
Other assets	-	-	3,055,335	3,055,335
	6,871,837	62,634,818	315,295,697	384,802,352
<b>Financial Liabilities</b>				
Due to banks	-	-	11,934,602	11,934,602
Derivative liabilities held-for-risk management	738,927	-	-	738,927
Financial liabilities at amortised cost - Due to depositors	-	-	248,558,601	248,558,601
Financial liabilities at amortised cost - Due to other borrowers	-	-	49,041,951	49,041,951
Debt securities issued	-	-	13,185,618	13,185,618
Subordinated term debt	-	-	16,671,821	16,671,821
Other liabilities	-	-	4,110,800	4,110,800
	738,927	-	343,503,392	344,242,320

	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total
<i>As at 31 December 2018</i>	LKR 000	LKR 000	LKR 000	LKR 000
<b>Bank</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	-	-	5,039,629	5,039,629
Balances with Central Bank of Sri Lanka	-	-	11,841,814	11,841,814
Placements with banks	-	-	425,087	425,087
Derivative assets held-for-risk management	3,414,549	-	-	3,414,549
Financial assets measured at fair value through profit or loss	6,078,862	-	-	6,078,862
Financial assets at amortised cost - Loans to and receivables from banks	-	-	12,854,880	12,854,880
Financial assets at amortised cost -Loans to and receivables from other customers	-	-	249,733,718	249,733,718
Financial investments	-	55,313,553	22,874,088	78,187,641
Due from subsidiaries	-	-	9,505	9,505
Other assets	-	-	3,431,061	3,431,061
	9,493,411	55,313,553	306,209,782	371,016,746
<b>Financial Liabilities</b>				
Due to banks	-	-	9,446,464	9,446,464
Derivative liabilities held-for-risk management	121,373	-	-	121,373
Financial liabilities at amortised cost - Due to depositors	-	-	242,237,596	242,237,596
Financial liabilities at amortised cost - Due to other borrowers	-	-	47,413,727	47,413,727
Debt securities issued	-	-	8,898,441	8,898,441
Subordinated term debt	-	-	16,855,352	16,855,352
Other liabilities	-	-	4,211,302	4,211,302
	121,373	-	329,062,882	329,184,256

	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total
<b>As at 31 March 2019</b>				
<b>Group</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	-	-	5,019,793	5,019,793
Balances with Central Bank of Sri Lanka	-	-	11,465,657	11,465,657
Placements with banks	-	-	815,714	815,714
Derivative assets held-for-risk management	1,488,530	-	-	1,488,530
Financial assets measured at fair value through profit or loss	5,383,307	-	-	5,383,307
Financial assets at amortised cost - Loans to and receivables from banks	-	-	8,108,604	8,108,604
Financial assets at amortised cost -Loans to and receivables from other customers	-	-	262,521,341	262,521,341
Financial investments	-	62,634,818	24,329,544	86,964,362
Other assets	-	-	3,478,564	3,478,564
	<b>6,871,837</b>	<b>62,634,818</b>	<b>315,739,217</b>	<b>385,245,872</b>

<b>Financial Liabilities</b>				
Due to banks	-	-	11,934,602	11,934,602
Derivative liabilities held-for-risk management	738,927	-	-	738,927
Financial liabilities at amortised cost - Due to depositors	-	-	248,202,280	248,202,280
Financial liabilities at amortised cost - Due to other borrowers	-	-	49,041,951	49,041,951
Debt securities issued	-	-	13,185,618	13,185,618
Subordinated term debt	-	-	16,671,821	16,671,821
Other liabilities	-	-	4,379,370	4,379,370
	<b>738,927</b>	<b>-</b>	<b>343,415,642</b>	<b>344,154,569</b>

	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total
<b>As at 31 December 2018</b>				
<b>Group</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	-	-	5,049,823	5,049,823
Balances with Central Bank of Sri Lanka	-	-	11,841,814	11,841,814
Placements with banks	-	-	439,727	439,727
Derivative assets held-for-risk management	3,414,549	-	-	3,414,549
Financial assets measured at fair value through profit or loss	6,078,862	-	-	6,078,862
Financial assets at amortised cost - Loans to and receivables from banks	-	-	12,854,880	12,854,880
Financial assets at amortised cost -Loans to and receivables from other customers	-	-	249,733,718	249,733,718
Financial investments	-	55,313,553	22,874,088	78,187,641
Other assets	-	-	3,478,564	3,478,564
	<b>9,493,411</b>	<b>55,313,553</b>	<b>306,272,614</b>	<b>371,079,578</b>

<b>Financial Liabilities</b>				
Due to banks	-	-	9,446,464	9,446,464
Derivative liabilities held-for-risk management	121,373	-	-	121,373
Financial liabilities at amortised cost - Due to depositors	-	-	241,914,870	241,914,870
Financial liabilities at amortised cost - Due to other borrowers	-	-	47,388,679	47,388,679
Debt securities issued	-	-	8,898,441	8,898,441
Subordinated term debt	-	-	16,855,352	16,855,352
Other liabilities	-	-	4,379,370	4,379,370
	<b>121,373</b>	<b>-</b>	<b>328,883,176</b>	<b>329,004,549</b>

## Business Segment Information

	Banking		Financial Leasing		Investing in Equity		Other		Unallocated		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
For the three months ended 31 March														
<b>Group</b>														
<b>Revenue</b>														(Restated)
Interest income	9,573,110	8,164,878	634,931	568,526	-	-	10,554	14,065	-	-	(9,971)	(11,066)	10,208,623	8,736,403
Net fees and commission income	467,277	434,385	-	-	-	-	-	-	-	-	(74)	-	467,203	434,385
Net (loss) / gain from trading	126,962	42,617	-	-	(540,629)	250,307	-	-	-	-	-	-	(413,667)	292,924
Net fair value ( losses) / gains from financial instruments at fair value through profit or loss	(2,282,532)	(11,193)	-	-	-	17,397	-	-	-	-	-	-	(2,282,532)	6,204
Net gains from derecognition of financial assets														
Fair value through profit or loss						2,628								2,628
Fair value through other comprehensive income	61,618	2,771	-	-	-	-	-	-	-	-	-	-	61,618	2,771
Net other operating income	1,764,637	(326,420)	-	-	379,461	384,776	140,574	124,847	-	-	(26,262)	(60,768)	2,258,410	122,435
<b>Total Income</b>	<b>9,711,071</b>	<b>8,307,038</b>	<b>634,931</b>	<b>568,526</b>	<b>(161,168)</b>	<b>652,480</b>	<b>151,128</b>	<b>138,912</b>	<b>-</b>	<b>-</b>	<b>(36,307)</b>	<b>(71,834)</b>	<b>10,299,654</b>	<b>9,600,749</b>
Percentage *	94	87	6	6	(2)	7	1	1	-	-	-	(1)	99	100
<b>Expense</b>														
Impairment charge / (reversal) for loans and other losses	(108,285)	535,052	119,726	32,598	-	62,598	-	-	-	-	-	-	11,441	542,396
Depreciation	-	-	-	-	-	-	14,133	11,097	-	-	-	-	14,133	11,097
Other operating and interest expenses	7,702,594	6,651,665	508,249	411,645	-	-	80,757	71,342	-	-	(36,306)	(44,797)	8,255,294	7,089,817
	7,594,309	7,186,717	627,975	444,243	-	62,598	94,890	82,439	-	-	(36,306)	(44,797)	8,280,868	7,643,310
<b>Result</b>	<b>2,116,762</b>	<b>1,120,321</b>	<b>6,955</b>	<b>124,283</b>	<b>(161,168)</b>	<b>589,882</b>	<b>56,238</b>	<b>56,473</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(27,037)</b>	<b>2,018,785</b>	<b>1,957,401</b>
Unallocated expenses													485,478	296,942
Value added tax													475,610	353,900
													1,057,698	1,306,559
Share of profits of associates and Joint venture													33,817	22,834
Profit before tax													1,091,515	1,329,393
Income tax on profit on ordinary activities													479,443	225,354
Profit after tax													612,071	1,104,039
Other Comprehensive Income / ( expense) net of tax													(1,043,462)	(215,210)
Total Comprehensive Income / (expense)													(431,391)	888,829
Total Comprehensive Income - Non controlling interests													21,540	21,436
Total comprehensive income / (expense) for the Equity Holders of the Bank													(452,931)	867,393
<b>Assets</b>	<b>297,867,414</b>	<b>289,099,160</b>	<b>18,908,374</b>	<b>16,791,033</b>	<b>40,985,553</b>	<b>19,201,495</b>	<b>1,100,488</b>	<b>1,074,512</b>	<b>32,164,203</b>	<b>25,774,634</b>	<b>(538,122)</b>	<b>(627,099)</b>	<b>390,487,911</b>	<b>351,313,735</b>
Percentage*	76	82	5	5	11	6	-	-	8	7	-	-	100	100
Investment in associate and Joint venture													2,001,205	1,673,658
													392,489,116	352,987,393
<b>Liabilities</b>	<b>268,080,673</b>	<b>260,189,244</b>	<b>17,017,537</b>	<b>15,111,930</b>	<b>-</b>	<b>-</b>	<b>411,778</b>	<b>368,774</b>	<b>63,048,140</b>	<b>28,739,859</b>	<b>(370,818)</b>	<b>(460,078)</b>	<b>348,187,309</b>	<b>303,949,729</b>

\* Net of eliminations

Revenue and expenses attributable to the incorporated business segments of industrial estate management, information technology services and consultancy services are included in the column for others. Property & equipment and depreciation attributable to an incorporated business segment is included in the relevant segment and the balance is unallocated.

Eliminations are the consolidation adjustments for inter company transactions, dividend and dividend payable attributable to minority shareholders.